

**TOWN OF GRAFTON, MASSACHUSETTS**

**Report on the Examination  
Of Basic Financial Statements**

**For the Year Ended June 30, 2015**

# TOWN OF GRAFTON, MASSACHUSETTS

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## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Grafton, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grafton, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grafton, Massachusetts, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan and other postemployment benefit plan schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Grafton, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2016, on our consideration of the Town of Grafton Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Grafton, Massachusetts' internal control over financial reporting and compliance.



Scanlon & Associates, LLC  
South Deerfield, Massachusetts

February 3, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Town of Grafton, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

### Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities by \$85,705,673 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$86,626,754 a decrease of \$921,081 (1%).
- As required by GASB Statement No. 68, in fiscal year 2015 the Town recognized their total net pension liability of \$17,942,770 along with a deferred outflow related to pension of \$10,792 on the statement of net position for the first time.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$21,324,725, an increase of \$3,933,346 (23%) in comparison with the prior year. The primary factors that contributed to this increase were issuance of bonds of \$1,100,000 and proceeds from legal settlement of \$1,300,000.
- The General Fund's total fund balance increased \$365,984 (4%) to \$10,731,098. The ending General fund balance is 19% of revenues, transfers in, sale of tax foreclosure properties and proceeds from a legal settlement and 19% of expenditures and transfers out.
- Total liabilities of the Town increased by \$5,814,958 (7%) to \$76,081,407 during the fiscal year. This net change resulted mainly from increases in OPEB obligation payable of approximately \$3,000,000 and net increase in bonds payable of approximately \$1,400,000.
- The Town had General fund free cash certified by the Department of Revenue in the amount of \$2,434,120. The key factors that attributed to the free cash amount for fiscal year 2015 were unexpended/unencumbered appropriations of \$515,900, excess over budget state and local receipt of \$252,700, prior year free cash not appropriated of \$1,001,500 and the excess over budget—other financing sources of \$279,200.
- The Town's enterprise fund certified free cash is as follows:
  - Sewer fund      \$ 884,686.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Grafton's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, deferred outflow of resources and liabilities, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, state assessments and interest. The business-type activity includes the sewer activities.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Grafton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** The Town maintains one type of proprietary fund.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer activities.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Financial Highlights**  
**Statement of Net Position Highlights**

	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Assets:</b>			
Current assets	\$ 27,061,480	\$ 22,921,840	\$ 4,139,640
Capital assets	121,787,863	125,123,000	(3,335,137)
<b>Total assets</b>	<b>148,849,343</b>	<b>148,044,840</b>	<b>804,503</b>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows related to pensions	<b>10,436</b>	-	<b>10,436</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt and leases)	3,552,218	3,697,972	(145,754)
Current debt	2,550,824	2,429,252	121,572
Noncurrent liabilities (excluding debt and leases)	34,620,076	30,998,755	3,621,321
Noncurrent debt	37,485,590	38,936,415	(1,450,825)
<b>Total liabilities</b>	<b>78,208,708</b>	<b>76,062,394</b>	<b>2,146,314</b>
<b>Net Position:</b>			
Net investment in capital assets	81,772,274	83,782,399	(2,010,125)
Restricted	11,301,873	8,904,100	2,397,773
Unrestricted	(22,423,076)	(20,704,053)	(1,719,023)
<b>Total net position</b>	<b>\$ 70,651,071</b>	<b>\$ 71,982,446</b>	<b>\$ (1,331,375)</b>

	<b>Business-Type Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Assets:</b>			
Current assets	\$ 4,594,830	\$ 2,574,650	\$ 2,020,180
Noncurrent assets (excluding capital assets)	800,299	970,308	(170,009)
Capital assets	14,689,502	12,461,091	2,228,411
<b>Total assets</b>	<b>20,084,631</b>	<b>16,006,049</b>	<b>4,078,582</b>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows related to pensions	<b>356</b>	-	<b>356</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	984,644	81,550	903,094
Current debt	70,000	20,000	50,000
Noncurrent liabilities (excluding debt)	905,741	820,191	85,550
Noncurrent debt	3,070,000	440,000	2,630,000
<b>Total liabilities</b>	<b>5,030,385</b>	<b>1,361,741</b>	<b>3,668,644</b>
<b>Net Position:</b>			
Net investment in capital assets	11,549,502	12,001,091	(451,589)
Restricted	2,702,566	1,591,535	1,111,031
Unrestricted	802,534	1,051,682	(249,148)
<b>Total net position</b>	<b>\$ 15,054,602</b>	<b>\$ 14,644,308</b>	<b>\$ 410,294</b>



**Financial Highlights**  
**Statement of Activities Highlights**

	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 3,150,481	\$ 3,008,386	\$ 142,095
Operating grants and contributions	16,444,383	17,231,859	(787,476)
Capital grants and contributions	928,546	2,004,765	(1,076,219)
<b>General Revenues:</b>			
Property taxes	35,853,547	32,889,864	2,963,683
Motor vehicle excise and other taxes	2,579,867	2,382,119	197,748
Penalties and interest on taxes	86,964	219,927	(132,963)
Nonrestricted grants	2,764,261	1,459,899	1,304,362
Unrestricted investment income	86,104	127,897	(41,793)
Gain on sale of capital asset	58,723	113,582	(54,859)
Miscellaneous	13,670	17,791	(4,121)
<b>Total revenues</b>	<b>61,966,546</b>	<b>59,456,089</b>	<b>2,510,457</b>
<b>Expenses:</b>			
General government	3,492,116	3,397,612	94,504
Public safety	3,932,356	3,740,523	191,833
Public works	3,596,416	3,206,872	389,544
Education	35,603,387	32,262,004	3,341,383
Health and human services	572,960	576,714	(3,754)
Culture and recreation	1,408,672	1,208,388	200,284
Employee benefits and insurance	12,479,375	11,322,803	1,156,572
State assessments	855,545	794,491	61,054
Interest	1,514,194	1,549,107	(34,913)
<b>Total expenses</b>	<b>63,455,021</b>	<b>58,058,514</b>	<b>5,396,507</b>
<b>Contributions to permanent funds</b>	<b>17,100</b>	<b>34,900</b>	<b>(17,800)</b>
<b>Transfers</b>	<b>140,000</b>	<b>140,000</b>	<b>-</b>
<b>Change in net position</b>	<b>(1,331,375)</b>	<b>1,572,475</b>	<b>(2,903,850)</b>
<b>Net position - beginning of year</b>	<b>71,982,446</b>	<b>70,409,971</b>	<b>1,572,475</b>
<b>Net position - end of year</b>	<b>\$ 70,651,071</b>	<b>\$ 71,982,446</b>	<b>\$ (1,331,375)</b>

	<b>Business-Type Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 2,030,214	\$ 2,020,333	\$ 9,881
Operating grants and contributions	37,519	-	37,519
<b>General Revenues:</b>			
Unrestricted investment income	28,090	56,023	(27,933)
<b>Total revenues</b>	<b>2,095,823</b>	<b>2,076,356</b>	<b>19,467</b>
<b>Expenses:</b>			
Sewer	1,545,529	1,428,172	117,357
<b>Total expenses</b>	<b>1,545,529</b>	<b>1,428,172</b>	<b>117,357</b>
<b>Transfers</b>	<b>(140,000)</b>	<b>(140,000)</b>	<b>-</b>
<b>Change in net position</b>	<b>410,294</b>	<b>508,184</b>	<b>(97,890)</b>
<b>Net position - beginning of year</b>	<b>14,644,308</b>	<b>14,136,124</b>	<b>508,184</b>
<b>Net position - end of year</b>	<b>\$ 15,054,602</b>	<b>\$ 14,644,308</b>	<b>\$ 410,294</b>

### Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities by \$85,705,673 at the close of fiscal year 2015.

Net position of \$93,321,776 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position \$14,004,439 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$21,620,542) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in two of the categories of net position and a negative balance in the unrestricted category for the government as a whole and in the governmental activities. The unrestricted net position in the governmental activities is a negative balance mainly as a result of recognizing the cumulative effect OPEB and pension liabilities. As presented on the statement of net position, the liability for OPEB is \$16,589,654 and for pension is \$17,351,290.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position for the business-type activities.

The governmental activities net position decreased by \$1,331,375 (2%) during the current fiscal year, which reflects the general fund's results of operation. The key elements of the decrease in net position for fiscal year 2015 was attributed to an increase in OPEB liability of approximately \$2.9 million, net effect of capital asset activity (capitalization vs. depreciation) of \$3.3 million and offset with proceeds from legal settlement of \$1,300,000 and better than anticipated budgetary results.

There was an increase of \$410,294 (3%) in net position reported in connection with the sewer business-type activity.

## Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, the *general fund unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$21,324,725 an increase of \$3,933,346 (23%) in comparison with the prior year.

Breakdown of the governmental funds are as follows:

- Nonspendable fund balance - \$698,769 (3%)
- Restricted fund balance - \$8,792,689 (41%)
- Committed fund balance - \$2,979,398 (14%)
- Assigned fund balance - \$1,750,386 (8%)
- Unassigned fund balance - \$7,103,483 (34%)

### Major Governmental Funds

At the end of the fiscal year, the General Fund reported a total fund balance of \$10,731,098 increasing \$365,984 (4%) from the prior year. Of the \$10,731,098, the unassigned amount is \$7,103,483 (66%), the assigned amount is \$1,750,386 (17%), the committed amount is \$988,135 (9%) and the restricted amount is \$889,094 (8%). General fund revenues were \$1,806,600 (3%) more than the prior fiscal year and expenditures also increased by \$142,598 (.3%). Other activity in the General Fund are net transfers to the nonmajor governmental funds of \$1,485,747, a transfer in from the sewer business-type activity of \$140,000, the sale of tax foreclosure property of \$203,975 and the proceeds from a legal settlement of \$250,130.

The main components of the change in general fund revenues as compared to the prior year are related to an increase property taxes in the amount of \$2,536,427 (8%) and a decrease of intergovernmental – "on-behalf" payments of \$741,877 (19%) due to the implementation of GASB Statement No. 68. The increase in property taxes is directly related to the override of \$3.5 million passed by votes on June 14, 2014. The \$3.5 million override amount consists of \$2 million for the school budget and \$1.5 million for municipal road stabilization fund.

The major changes in general fund expenditures from the prior fiscal year were as follows:

- Decrease in Public safety expenditures of \$516,459 (15%).
- Decrease in Public works expenditures of \$547,881 (15%).
- Increase in Education expenditures of \$1,745,679 (6%) – override related.

**Proprietary funds.** The proprietary funds statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

### Major Proprietary Fund

The *Sewer Fund* has accumulated a fund balance of \$15,054,602 used in the financing and operations of the Town's sewer system. The fund shows an increase of \$410,294 (3%) in total operations. This change is attributed to current operational revenues exceeding the current operational expenses by \$481,716, investment and other income of \$65,609, special assessments revenue of \$35,048, interest expense of \$32,079 and transfers to the general fund of \$140,000. Operating revenues increased by \$447,381 (29%), which is directly related to a rate increase, while operating expenses increased by \$106,165 (8%) from the prior year.

## **General Fund Budgetary Highlights**

The final general fund budget for fiscal year 2015 was \$52,339,636. This was an increase of \$1,188,512 (2%) over the previous year's budget.

There was an increase of \$597,653 between the total original budget and the total final amended budget. The change is attributed to adjustments voted at various special town meetings and the annual town meeting of May 2015 for various budget operating line items.

General fund expenditures were less than budgeted by \$1,905,717. Of the \$1,905,717 in under budget expenditures, \$1,389,852 has been carried over to fiscal year 2016.

There are negative variances in intergovernmental of \$3,455 and licenses, permits and fees of \$11,061 as expectations (budget) were higher than the receipts, and in investment income of \$2,318 as the budget did not meet expectations in the current economy.

A negative variance exists in State assessments of \$52,093 as the Town had a lower assessment in the charter school than budgeted and higher assessments in special education and school choice sending tuition than budgeted.

The variance with the final budget was a positive \$944,994 consisting of a revenue surplus of \$429,129 and an appropriation surplus of \$515,865.

## **Capital Asset and Debt Administration**

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$121,787,863 and \$14,689,502, respectively.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Foreclosure property for \$145,252.
- Municipal center selectman's meeting room improvements for \$178,985.
- Town Hall improvements for \$69,610.
- Town House improvements for \$407,246.
- Facility energy/envelop upgrades for \$217,250.
- Police vehicles for \$65,848.
- Department of public works vehicles and equipment for \$123,481.
- Lake Ripple Dam improvements for \$24,105.
- Road and sidewalk infrastructure improvements for \$417,773.
- Elementary school improvements for \$210,000.
- Perry Hill Park playground equipment for \$16,585.

Major capital events in the business-type funds included the following:

- Sewer Waste Water Treatment Plant improvements for \$2,656,300.

**Debt.** The Town's outstanding governmental debt as of June 30, 2015 totaled \$39,640,825 consisting of \$30,700,000 for the new high school, \$2,200,000 for the new fire station, \$300,000 for school modular classrooms, \$795,000 for land acquisition, \$4,525,000 for energy conservation projects \$1,100,000 for the Town House restoration and \$20,825 for the Title V septic repair program.

The business-type fund has \$3,140,000 in sewer debt.

The Town also has a capital lease for the financing of a fire department rescue truck and a highway department sweeper. The lease is due in 2018. The Town currently owes \$413,998 on the leases consisting of \$395,589 in principal and \$18,409 in interest.

Please refer to notes 3D, 3F, 3G and 3H for further discussion of the major capital assets and debt activity.

### Next Year's Annual Town Meeting

The Town of Grafton operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2015 do not reflect the fiscal year 2016 Town Meeting action actions with the exception of the fund balance (free cash) and continuing appropriations amounts used to fund the 2016 budget. The Annual Town Meeting on May 11, 2015 authorized a fiscal year 2016 operating and capital budget as follows:

From the tax levy		\$	50,314,492
From sewer receipts	\$	1,269,436	
From sewer betterments		38,601	1,308,037
From Other Available Funds:			
<b>General Fund:</b>			
Unassigned fund balance:			
Free cash		1,348,670	
Continuing Appropriations		15,000	1,363,670
<b>Non-major Governmental Funds:</b>			
Community preservation fund		174,442	
Highway Chapter 90		82,600	257,042
<b>Agency Funds:</b>			
Oakmont defaulted subdivision			65,000
		\$	53,308,241

### Requests for Information

This financial report is designed to provide a general overview of the Town of Grafton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 30 Providence Road Grafton, Massachusetts.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF GRAFTON, MASSACHUSETTS  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 16,917,564	\$ 2,418,540	\$ 19,336,104
Investments	6,351,500	1,807,471	8,158,971
Receivables, net of allowance for uncollectibles:			
Property Taxes	286,720	-	286,720
Tax Liens	936,285	-	936,285
Excise Taxes	130,032	-	130,032
Departmental	44,025	-	44,025
User Charges	-	229,972	229,972
Special Assessments	-	138,847	138,847
Due from Other Governments	2,395,354	-	2,395,354
Total current assets	27,061,480	4,594,830	31,656,310
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	800,299	800,299
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	22,792,908	2,656,300	25,449,208
Depreciable	98,994,955	12,033,202	111,028,157
Total noncurrent assets	121,787,863	15,489,801	137,277,664
<b>Total Assets</b>	<b>148,849,343</b>	<b>20,084,631</b>	<b>168,933,974</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	10,436	356	10,792
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants and Accounts Payable	1,459,497	927,581	2,387,078
Accrued Payroll	673,824	18,356	692,180
Retainage Payable	125,326	-	125,326
Payroll Withholdings	297,942	-	297,942
Accrued Interest	409,862	16,864	426,726
Other	97,360	-	97,360
Compensated Absences	488,407	21,843	510,250
Bonds and Leases Payable	2,550,824	70,000	2,620,824
Total current liabilities	6,103,042	1,054,644	7,157,686
<b>NONCURRENT:</b>			
Compensated Absences	679,132	41,924	721,056
OPEB Obligation Payable	16,589,654	272,337	16,861,991
Net Pension Liability	17,351,290	591,480	17,942,770
Bonds and Leases Payable	37,485,590	3,070,000	40,555,590
Total noncurrent liabilities	72,105,666	3,975,741	76,081,407
<b>Total Liabilities</b>	<b>78,208,708</b>	<b>5,030,385</b>	<b>83,239,093</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	81,772,274	11,549,502	93,321,776
Restricted for:			
Capital Projects	818,772	1,115,347	1,934,119
Federal & State Grants	2,574,772	-	2,574,772
Community Preservation	2,061,463	-	2,061,463
Permanent Funds:			
Nonexpendable	698,769	-	698,769
Expendable	432,318	-	432,318
Other Purposes	4,715,779	1,587,219	6,302,998
Unrestricted	(22,423,076)	802,534	(21,620,542)
<b>Total Net Position</b>	<b>\$ 70,651,071</b>	<b>\$ 15,054,602</b>	<b>\$ 85,705,673</b>

The Notes to the Financial Statements are an integral part of this Statement.

	Program Revenues			Governmental Activities	Business-Type Activities	Total
	Expenses	Charges for Services	Operating Grants and Contributions			
<b>Governmental Activities:</b>						
General Government	\$ 3,492,116	\$ 438,436	\$ 667,066	\$ -	\$ -	(2,386,614)
Public Safety	3,932,356	766,080	64,118	-	-	(3,102,158)
Public Works	3,596,416	420,147	13,114	903,847	-	(2,259,308)
Education	35,603,387	1,070,637	12,405,407	24,699	-	(22,102,644)
Health and Human Services	572,960	101,832	140,816	-	-	(330,312)
Culture and Recreation	1,408,672	353,349	43,113	-	-	(1,012,210)
Employee Benefits and Insurance	12,479,375	-	3,109,536	-	-	(9,369,839)
State Assessments	855,545	-	-	-	-	(855,545)
Interest	1,514,194	-	1,213	-	-	(1,512,981)
<b>Total Governmental Activities</b>	<b>63,455,021</b>	<b>3,150,481</b>	<b>16,444,383</b>	<b>928,546</b>	<b>-</b>	<b>(42,931,611)</b>
<b>Business-Type Activities:</b>						
Sewer	1,545,529	2,030,214	37,519	-	522,204	522,204
<b>Total Primary Government</b>	<b>\$ 65,000,550</b>	<b>\$ 5,180,695</b>	<b>\$ 16,481,902</b>	<b>\$ 928,546</b>	<b>522,204</b>	<b>(42,409,407)</b>
<b>General Revenues:</b>						
Property Taxes					35,853,547	35,853,547
Motor vehicle excise and other taxes					2,579,867	2,579,867
Penalties & Interest on Taxes					86,964	86,964
Grants & Contributions not restricted to specific programs					2,764,261	2,764,261
Unrestricted Investment Income					86,104	114,194
Gain on Sale of Capital Assets					58,723	58,723
Miscellaneous					13,670	13,670
<b>Contributions to Permanent Funds</b>					17,100	17,100
<b>Transfers, net</b>					140,000	-
<b>Total General Revenues, Contributions and Transfers</b>					<b>41,600,236</b>	<b>41,488,326</b>
<b>Change in Net Position</b>					<b>(1,331,375)</b>	<b>(921,081)</b>
<b>Net Position:</b>						
Beginning of year (as restated)					71,982,446	86,626,754
End of year					\$ 70,651,071	\$ 85,705,673



**TOWN OF GRAFTON, MASSACHUSETTS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 8,961,370	\$ 7,956,194	\$ 16,917,564
Investments	3,835,276	2,516,224	6,351,500
Receivables, net of allowance for uncollectibles:			
Property Taxes	281,094	5,626	286,720
Tax Liens	928,032	8,253	936,285
Excise Taxes	130,032	-	130,032
Departmental	2,013	42,012	44,025
Due from Other Governments	104,989	2,290,365	2,395,354
<b>Total Assets</b>	<b>\$ 14,242,806</b>	<b>\$ 12,818,674</b>	<b>\$ 27,061,480</b>
<b>Liabilities:</b>			
Warrants and Accounts Payable	\$ 1,278,604	\$ 180,893	\$ 1,459,497
Accrued Payroll	586,236	87,588	673,824
Retainage Payable	-	125,326	125,326
Payroll Withholdings	297,942	-	297,942
Other	97,360	-	97,360
<b>Total Liabilities</b>	<b>2,260,142</b>	<b>393,807</b>	<b>2,653,949</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	1,251,566	1,831,240	3,082,806
<b>Fund Balance:</b>			
Nonspendable	-	698,769	698,769
Restricted	889,094	7,903,595	8,792,689
Committed	988,135	1,991,263	2,979,398
Assigned	1,750,386	-	1,750,386
Unassigned	7,103,483	-	7,103,483
<b>Total Fund Balance</b>	<b>10,731,098</b>	<b>10,593,627</b>	<b>21,324,725</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 14,242,806</b>	<b>\$ 12,818,674</b>	<b>\$ 27,061,480</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF GRAFTON, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 35,329,780	\$ 355,876	\$ 35,685,656
Intergovernmental	12,218,890	2,320,326	14,539,216
Excise and Other Taxes	2,689,891	448	2,690,339
Charges for Services	-	2,015,433	2,015,433
Licenses, Permits, Fees	1,234,272	-	1,234,272
Interest on Taxes	86,408	556	86,964
Investment Income	86,104	45,385	131,489
Gifts and Donations	-	525,917	525,917
Other	-	41,298	41,298
Intergovernmental - "On-behalf" Payments	3,103,546	-	3,103,546
<b>Total Revenues</b>	<b>54,748,891</b>	<b>5,305,239</b>	<b>60,054,130</b>
<b>Expenditures:</b>			
Current:			
General Government	2,715,336	1,388,882	4,104,218
Public Safety	2,964,863	462,475	3,427,338
Public Works	3,038,128	449,081	3,487,209
Education	29,968,275	2,436,899	32,405,174
Health and Human Services	437,881	107,142	545,023
Culture and Recreation	771,270	335,948	1,107,218
Employee Benefits and Insurance	9,007,792	94,988	9,102,780
State Assessments	855,545	-	855,545
Debt Service:			
Principal	2,217,000	64,241	2,281,241
Interest	1,515,175	33,838	1,549,013
<b>Total Expenditures</b>	<b>53,491,265</b>	<b>5,373,494</b>	<b>58,864,759</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,257,626</b>	<b>(68,255)</b>	<b>1,189,371</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	222,069	1,567,816	1,789,885
Operating Transfers Out	(1,567,816)	(82,069)	(1,649,885)
Sale of Tax Foreclosure Property	203,975	-	203,975
Proceeds from Issuance of Bonds	-	1,100,000	1,100,000
Proceeds from Legal Settlement	250,130	1,049,870	1,300,000
<b>Total Other Financing Sources (Uses)</b>	<b>(891,642)</b>	<b>3,635,617</b>	<b>2,743,975</b>
<b>Net Change in Fund Balances</b>	<b>365,984</b>	<b>3,567,362</b>	<b>3,933,346</b>
<b>Fund Balances, Beginning of Year</b>	<b>10,365,114</b>	<b>7,026,265</b>	<b>17,391,379</b>
<b>Fund Balances, End of Year</b>	<b>\$ 10,731,098</b>	<b>\$ 10,593,627</b>	<b>\$ 21,324,725</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2015**

<b>Total Governmental Fund Balances</b>			\$ 21,324,725
Capital Assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.			121,787,863
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.			3,082,806
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions			10,436
Long Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:			
Bonds and Leases Payable	\$ (40,036,414)		
Other Post Employment Benefits Payable	(16,589,654)		
Net Pension Liability	(17,351,290)		
Compensated Absences	<u>(1,167,539)</u>	(75,144,897)	
In the statement of activities, interest is accrued on outstanding long term debt, whereas in the governmental funds interest is not reported until due.			<u>(409,862)</u>
<b>Net Position of Governmental Activities</b>			<u><u>\$ 70,651,071</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2015**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 3,933,346**

The Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and are reported as depreciation expense:

Capital Outlay Purchases	\$ 1,876,134	
Sale of Capital Assets	(145,252)	
Depreciation	<u>(5,066,019)</u>	(3,335,137)

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.

425,541

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayment of Debt and Lease Principal	2,429,253	
Proceeds from Issuance of Bonds	<u>(1,100,000)</u>	1,329,253

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Net Change in Compensated Absences	(342,602)	
Net Change in Other Post Employment Benefits	(2,976,565)	
Net Change in Net Pension Liability	(410,466)	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	10,436	
Net Change in Accrued Interest on Long-Term Debt	<u>34,819</u>	(3,684,378)

**Change in Net Position of Governmental Activities** **\$ (1,331,375)**

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -**  
**(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts					
	Amounts				Variance with	
	Carried				Final Budget	
	Forward from	Original	Final	Actual	Forward to	
	Prior Year	Budget	Budget	Basis	Next Year	
					Positive	
					(Negative)	
Revenues:						
Property Taxes	\$ -	\$ 35,190,816	\$ 35,135,316	\$ 35,311,780	\$ -	
Intergovernmental	-	12,222,345	12,222,345	12,218,890	176,464	
Excise and Other Taxes	-	2,421,800	2,421,800	2,689,891	(3,455)	
Licenses, Permits, Fees	-	1,245,333	1,245,333	1,234,272	268,091	
Interest on Taxes	-	85,000	85,000	86,408	(11,061)	
Investment Income	-	35,000	35,000	32,682	1,408	
Total Revenues	-	51,200,294	51,144,794	51,573,923	(2,318)	
Expenditures:						
Current:						
General Government	515,266	2,626,855	3,403,550	2,715,336	216,888	
Public Safety	138,083	3,038,039	3,178,922	2,964,863	86,440	
Public Works	553,874	2,788,290	3,884,223	3,084,328	162,220	
Education	117,333	29,984,104	30,098,773	29,968,275	7,597	
Health and Human Services	1,233	424,640	464,639	437,881	19,963	
Culture and Recreation	7,619	832,053	833,689	771,270	6,795	
Employee Benefits and Insurance	-	6,178,967	5,940,213	5,904,246	40,883	
State Assessments	-	803,452	803,452	855,545	33,967	
Debt Service:					(52,093)	
Principal	-	2,217,000	2,217,000	2,217,000	-	
Interest	-	1,515,175	1,515,175	1,515,175	-	
Total Expenditures	1,333,408	50,408,575	52,339,636	50,433,919	1,389,852	
Excess of Revenues Over (Under) Expenditures	(1,333,408)	791,719	(1,194,842)	1,140,004	944,994	
Other Financing Sources (Uses):						
Operating Transfers In	-	146,877	284,900	360,092	-	
Operating Transfers (Out)	-	(1,500,000)	(1,567,816)	(1,567,816)	-	
Sale of Tax Foreclosure Property	-	-	-	203,975	-	
Proceeds from Legal Settlement	-	-	250,130	250,130	-	
Total Other Financing Sources (Uses)	-	(1,353,123)	(1,032,786)	(753,619)	279,167	
Net Change in Budgetary Fund Balance	(1,333,408)	(561,404)	(2,227,628)	386,385	\$ 1,224,161	
Other Budgetary Items:						
Free Cash and Other Reserves	-	574,625	907,441	-	-	
Prior Year Deficits	-	(13,221)	(13,221)	-	-	
Prior Year Encumbrances	1,333,408	-	1,333,408	-	-	
Total Other Budgetary Items	1,333,408	561,404	2,227,628	-	-	
NET BUDGET	\$ -	\$ -	\$ -	\$ -	\$ -	

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2015**

	<u>Revenues</u>	<u>Expenditures</u>
<b>Reported on a Budgetary Basis</b>	\$ 51,573,923	\$ 50,433,919
<u>Adjustments:</u>		
Activity for Stabilization Funds Recorded in the General Fund for GAAP Purposes	53,422	-
Net Increase in Revenue from recording Refund Taxes Payable	45,000	-
Recognition of Intergovernmental Revenue - "on behalf payments"	3,103,546	-
Recognition of Expenditures - "on behalf payments"	-	3,103,546
Net Decrease in Revenue from Recording 60-Day Receipts	(27,000)	-
Net Change in Accrued Expenditures	-	(46,200)
<b>Reported on a GAAP Basis</b>	<u>\$ 54,748,891</u>	<u>\$ 53,491,265</u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF GRAFTON, MASSACHUSETTS  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2015**

	<b>Business-Type Activities Enterprise Fund</b>
	<b>Sewer Fund</b>
<b>ASSETS</b>	
<b>CURRENT:</b>	
Cash and Cash Equivalents	\$ 2,418,540
Investments	1,807,471
User Charges, net of allowance for uncollectibles	229,972
Special Assessments	138,847
Total current assets	<u>4,594,830</u>
<b>NONCURRENT:</b>	
Special Assessments	800,299
Capital Assets, net of accumulated depreciation	
Nondepreciable	2,656,300
Depreciable	12,033,202
Total noncurrent assets	<u>15,489,801</u>
<b>Total Assets</b>	<u><u>20,084,631</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pensions	<u>356</u>
<b>LIABILITIES</b>	
<b>CURRENT:</b>	
Accounts Payable	927,581
Accrued Payroll	18,356
Accrued Interest	16,864
Compensated Absences	21,843
Bonds Payable	70,000
Total current liabilities	<u>1,054,644</u>
<b>NONCURRENT:</b>	
Compensated Absences	41,924
OPEB Obligation Payable	272,337
Net Pension Liability	591,480
Bonds Payable	3,070,000
Total noncurrent liabilities	<u>3,975,741</u>
<b>Total Liabilities</b>	<u><u>5,030,385</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	11,549,502
Restricted for Betterments	1,587,219
Restricted for Capital	1,115,347
Unrestricted	802,534
<b>Total Net Position</b>	<u><u>\$ 15,054,602</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF GRAFTON, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities Enterprise Fund</b>
	<b>Sewer Fund</b>
<b>Operating Revenues:</b>	
Charges for Services	\$ 1,982,619
Other	12,547
<b>Total Operating Revenues</b>	<u>1,995,166</u>
<b>Operating Expenses:</b>	
Salaries & Wages	427,644
Operating Expenses	657,917
Depreciation	427,889
<b>Total Operating Expenses</b>	<u>1,513,450</u>
<b>Operating Income (Loss)</b>	<u>481,716</u>
<b>Non-Operating Revenues (Expenses):</b>	
Investment Income	28,090
Other	37,519
Assessments	35,048
Interest Expense	(32,079)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>68,578</u>
<b>Income (Loss) Before Operating Transfers</b>	550,294
<b>Operating Transfers:</b>	
Transfers In/(Out)	(140,000)
<b>Total Operating Transfers</b>	<u>(140,000)</u>
<b>Change in Net Position</b>	<u>410,294</u>
<b>Net Position at Beginning of Year (as restated)</b>	<u>14,644,308</u>
<b>Net Position at End of Year</b>	<u><u>\$ 15,054,602</u></u>

The Notes to the Financial Statements are an integral part of this Statement.



**TOWN OF GRAFTON, MASSACHUSETTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities Enterprise Fund</b>
	<b>Sewer Fund</b>
<b>Cash Flows From Operating Activities:</b>	
Receipts from Customers and Users	\$ 1,943,440
Receipts from Other Revenues	12,547
Payments to Vendors	(598,430)
Payments to Employees	(392,729)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>964,828</b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Transfers from (to) Other Funds	(140,000)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>(140,000)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Assessments	172,176
Other	37,519
Proceeds from the Issuance of Bonds	2,700,000
Acquisition and Construction of Capital Assets	(1,774,207)
Principal Payments on Bonds	(20,000)
Interest Expense	(20,287)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>1,095,201</b>
<b>Cash Flows from Investing Activities:</b>	
Investment Income	28,090
Proceeds/(Purchase) of Investments	386,924
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>415,014</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,335,043</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>83,497</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,418,540</b>

**Reconciliation of Operating Income (Loss) to Net Cash  
Provided by (Used For) Operating Activities:**

<b>Operating Income (Loss)</b>	<b>\$ 481,716</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>	
Depreciation	427,889
Deferred (Outflows)/Inflows of Resources Related to Pensions	(356)
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	1,766
Increase (Decrease) in Accrued Payroll	4,183
Increase (Decrease) in Compensated Absences	30,732
Increase (Decrease) in OPEB Obligation Payable	44,085
Increase (Decrease) in Net Pension Liability	13,992
Decrease (Increase) in User Charges Receivable	(39,179)
<b>Total Adjustments</b>	<b>483,112</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 964,828</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF GRAFTON, MASSACHUSETTS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	Other Postemployment Benefits Trust Fund	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ -	\$ 422,390
Investments	2,788	343,487	3,209
<b>Total Assets</b>	<b>2,788</b>	<b>343,487</b>	<b>425,599</b>
<b>LIABILITIES</b>			
Warrants Payable	-	-	22,959
Due to Others	-	-	9,650
Due to Student Groups	-	-	116,374
Escrows and Deposits	-	-	276,616
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>425,599</b>
<b>NET POSITION</b>			
Held in Trust for Other Purposes	\$ 2,788	\$ 343,487	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF GRAFTON, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Other Postemployment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions</b>		
Private Donations	\$ -	\$ 6,290
Investment Income	38	4,694
<b>Total Additions</b>	<u>38</u>	<u>10,984</u>
<b>Deductions</b>		
Educational Scholarships	-	9,406
<b>Total Deductions</b>	<u>-</u>	<u>9,406</u>
<b>Change in Net Position</b>	<u>38</u>	<u>1,578</u>
<b>Net Position at Beginning of Year</b>	<u>2,750</u>	<u>341,909</u>
<b>Net Position at End of Year</b>	<u>\$ 2,788</u>	<u>\$ 343,487</u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Grafton, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

**A. Reporting Entity**

The Town was incorporated in 1735 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected five member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2015, it was determined that no entities met the required GASB-39 and GASB-61 criteria for component units.

The Town is responsible for electing the governing board and/or committee members of the Grafton Housing Authority, the Grafton Water District, the South Grafton Water District and the Blackstone Valley Regional Vocational Technical High School. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board members. Audited financial statements are available from the respective organizations. Descriptions of the related organizations are as follows:

**Grafton Housing Authority** - A public housing agency that provides housing assistance to eligible and qualified low and moderate income families, the elderly and handicapped. The housing authority is an autonomous and self-sufficient agency under the State Executive Office of Communities and Development. The Town has no significant influence over management, budget or policies of the authority.

**Grafton Water District and South Grafton Water District** – Districts that provide water services to the residents of the Town. The districts are autonomous and self-sufficient units under the General Laws of the Commonwealth of Massachusetts. The Town has no significant influence over management, budget or policies of the districts.

**Blackstone Valley Regional Vocational Technical High School** - A regional school district made up of thirteen communities to serve and provide a learning environment in specific career areas. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects one district committee member for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**B. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

The government-wide financial statements (e.g., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Fund financial statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile ending net position and the change in net position.

**Major Fund Criteria**

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),  
  
*and*
- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Proprietary and fiduciary funds are reported by fund type.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

**Fund Financial Statements**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The Town reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The *sewer fund* is used to account for the sewer activities.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

Additionally, the Town reports the following fund types:

*Fiduciary fund* financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the government programs. The Town reports the following fiduciary funds:

The *Other Postemployment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **D. Cash and Cash Equivalents**

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

Investment income from proprietary funds is maintained in those funds.

#### **E. Investments**

State and local statutes place certain limitations on the nature of deposits and investments to the Town. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

All investments are carried at fair value.

#### **F. Receivables**

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**Property Taxes, Deferred Property Taxes and Tax Liens**

Property taxes are based on assessments as of January 1, 2014 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100% of fair cash value. Taxes are due and payable on July 1st. The Town accepted the provisions of the Massachusetts General Laws Chapter 59, Section 57C which enables the Town to have a quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for fiscal year 2015 on June 30, 2014 and October 1, 2014 that were due on August 1, 2014 and November 3, 2014 and the actual tax bills were mailed on December 31, 2014 and March 31, 2015 and were due on February 2, 2015 and May 1, 2015.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2015 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2015	\$ 31,834,675
Add: Debt Exclusion	3,309,052
Add: Road Stabilization override	1,500,000
	<u>\$ 36,643,727</u>

The total amount raised by taxation was \$35,492,115.

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

**Excise Taxes**

Excise taxes consist of motor vehicle excise and boat excise. Excise taxes are assessed annually for each vehicle and boat registered in the Town, and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The Board of Assessors of the Town is responsible for determining the value of each boat.

The tax calculation for motor vehicle excise taxes is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.



**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

The allowance for uncollectibles is based on historical trends and specific account analysis.

**User Charges**

User charges and fees consist of sewer that is levied based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed each year and are included as a lien on the property owner's tax bill. Sewer charges and liens are recorded as receivables in the fiscal year of the levy.

The allowance for uncollectibles is based upon historical trends and specific account analysis.

**Departmental**

Departmental receivables consist of police off-duty details and assessor's fees.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

**Special Assessments**

Special assessments consist of sewer betterments in the business-type activities.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

**Due from Other Governments**

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

**G. Capital Assets**

Capital assets of the primary government include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

<b>Capital Asset Type</b>	<b>Years</b>
Buildings and renovations	10-40
Machinery, equipment and other	3-15
Infrastructure	20-50

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

**H. Interfund Transfers**

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

**I. Deferred Outflows/Inflows of Resources**

**Government-wide financial statements**

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total assets, for *deferred outflows of resources*. This represents the usage of net position applicable for future period(s) and will not be recognized as expenditures until the future period to which it applies. Currently, the only item in this category is *deferred outflows related to pensions*.

In addition to liabilities, the *Statement of Net Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town did not have any items that qualify for reporting in this category.

**Fund financial statements**

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property, excise taxes; departmental revenue, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**J. Net Position and Fund Balances**

In the Governmental-Wide financial statements, the difference between the Town's total assets and deferred outflows of resources and total liabilities represents net position. Net position displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" - represents amounts restricted by the federal and state government for various programs.

"Community preservation fund" represents amounts that are restricted for the preservation of open space, historical resources and community housing.

"Permanent funds – expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Permanent funds – nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Other purposes" represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

*Assigned fund balance.* This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**K. Long-term Debt**

Long-term debt of the primary government is reported as liabilities in the government-wide statement of net position. The face amount of governmental funds long-term debt is reported as other financing sources.

**L. Compensated Absences**

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

**M. Pension Benefits**

For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Worcester Regional Retirement System (the System) and the Massachusetts Teachers Retirement System (MTRS) are provided. Additions to and deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions), are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

**N. Post Retirement Benefits**

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 50% to 73% share of insurance premiums for retirees, spouses and surviving spouses in the general fund in the fiscal year paid.

**O. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Requests for appropriation are submitted by departments to the Finance Committee.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

- Finance committee meets with various departments to discuss the appropriation.
- Finance committee recommends the budget and presents the budget at the annual Town meeting.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide for a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2015, the Town incurred a final budget deficit of \$2,227,628 for the General Fund.

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:	
Free cash votes	\$ 907,441
Reserve for deficits	(13,221)
Prior year's encumbrances	1,333,408
	<hr/>
	\$ 2,227,628
	<hr/>

### **3. DETAILED NOTES**

#### **A. Deposits and Investments**

##### **Custodial Credit Risks – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2015 were \$18,093,183. Of these, \$2,712,785 is exposed to custodial credit risk as uninsured and uncollateralized.

##### **Investment Policies**

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

As of June 30, 2015, the Town had the following investments:

Investment Type	Fair Value	(in Years)	
		Less Than 1	1 to 5
Debt Securities:			
U. S. treasury obligations	\$ 854,582	\$ -	\$ 854,582
U. S. government agencies	3,910,309	-	3,910,309
Corporate bonds	1,428,850	151,885	1,276,965
Money market mutual fund	97,747	97,747	-
	6,291,488	\$ 249,632	\$ 6,041,856
Other Investments:			
Certificates of deposts	1,590,032		
Equity mutual funds	866,826		
Equity securities - domestic	1,395,454		
MMDT	464,315		
	\$ 10,608,115		

**Custodial Credit Risks**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$10,608,115 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

**Interest Rate Risk**

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

The Town's exposure to credit risk as of June 30, 2015 is as follows:

Related Debt Instruments	Fair Value
<b>Moody's Quality Ratings</b>	
<b>U. S. Treasury Obligations:</b>	
Aaa	\$ 854,582
<b>U. S. Government Agencies:</b>	
Aaa	3,910,309
<b>Corporate Bonds:</b>	
A1	280,371
A2	338,016
Baa1	810,463
<b>Money Market Mutual Funds:</b>	
Not rated	97,747
	<u>\$ 6,291,488</u>

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in one issuer. More than 5 percent of the Town's investments are Federal Home Loan Mortgage Corp. amounting to 28.64% of the Town's total investments.

**B. Receivables**

At June 30, 2015, receivables for the individual major governmental funds, non-major governmental funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts of the primary government, are as follows:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Major and non-major governmental funds:</b>			
Property taxes including community preservation surcharge	\$ 318,255	\$ (31,535)	\$ 286,720
Tax liens	936,285	-	936,285
Excise taxes	167,529	(37,497)	130,032
Departmental	44,025	-	44,025
Due from other governments	2,395,354	-	2,395,354
	<u>\$ 3,861,448</u>	<u>\$ (69,032)</u>	<u>\$ 3,792,416</u>

At June 30, 2015, receivables for the business-type activities consist of the following:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Sewer activities:</b>			
User charges	\$ 238,253	\$ (8,281)	\$ 229,972
Special assessments	939,146	-	939,146
	<u>\$ 1,177,399</u>	<u>\$ (8,281)</u>	<u>\$ 1,169,118</u>

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

The composition of amounts due from other governments as of June 30, 2015 for governmental funds is as follows:

**General Fund:**

**Commonwealth of Massachusetts:**

Department of Revenue:

Veterans, blind and surviving spouse \$ 33,710

Massachusetts School Building Authority

School Building Assistance - Capital portion

Department of Veterans Services:

Veterans benefits 71,279 \$ 104,989

**Nonmajor Governmental Funds:**

**U. S. Department of Agriculture:**

School lunch 19,090

**U. S. Department of Education:**

School title grants 35,566

**Commonwealth of Massachusetts:**

Department of Elementary and Secondary Education:

School lunch 997

State Special Education Reimbursement fund 98,110

Executive Office of Public Safety & Homeland Security:

Public safety grants 2,500

Massachusetts Department of Transportation:

Highway Department - Chapter 90 funds 2,134,102 2,290,365

\$ 2,395,354

**C. Deferred Inflows of Resources – Unavailable Revenue**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

**Governmental Funds:**

**General fund:**

Property taxes \$ 134,094

Tax liens 928,031

Excise and other taxes 130,032

Departmental 2,013

Due from other governments 57,396 \$ 1,251,566

**Nonmajor governmental funds:**

Property taxes 5,626

Tax liens 8,254

Due from other governments 1,817,360 1,831,240

\$ 3,082,806



**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2015, is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 15,786,267	\$ 145,252	\$ (145,252)	\$ 15,786,267
Construction in Progress	6,835,435	697,341	(526,135)	7,006,641
Total capital assets not being depreciated	22,621,702	842,593	(671,387)	22,792,908
Capital assets being depreciated:				
Buildings and Renovations	118,442,905	458,595	-	118,901,500
Machinery, equipment and other	7,071,317	205,914	(49,242)	7,227,989
Infrastructure	8,131,374	895,168	-	9,026,542
Total capital assets being depreciated	133,645,596	1,559,677	(49,242)	135,156,031
Less accumulated depreciation for:				
Buildings and Renovations	23,740,788	4,134,115	-	27,874,903
Machinery, equipment and other	4,972,916	503,010	(49,242)	5,426,684
Infrastructure	2,430,594	428,895	-	2,859,489
Total accumulated depreciation	31,144,298	5,066,020	(49,242)	36,161,076
Total capital assets being depreciated, net	102,501,298	(3,506,343)	-	98,994,955
Total governmental activities capital assets, net	\$ 125,123,000	\$ (2,663,750)	\$ (671,387)	\$ 121,787,863

  

<b>Business-Type Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Construction in Progress	\$ -	\$ 2,656,300	\$ -	\$ 2,656,300
Total capital assets not being depreciated	-	2,656,300	-	2,656,300
Capital assets being depreciated:				
Machinery, equipment and other	234,873	-	-	234,873
Infrastructure	32,021,084	-	-	32,021,084
Total capital assets being depreciated	32,255,957	-	-	32,255,957
Less accumulated depreciation for:				
Machinery, equipment and other	174,271	18,429	-	192,700
Infrastructure	19,620,595	409,460	-	20,030,055
Total accumulated depreciation	19,794,866	427,889	-	20,222,755
Total capital assets being depreciated, net	12,461,091	(427,889)	-	12,033,202
Total governmental activities capital assets, net	\$ 12,461,091	\$ 2,228,411	\$ -	\$ 14,689,502

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government	\$ 240,225
Public safety	594,056
Public works	655,036
Education	3,254,570
Health and human services	13,533
Culture and recreation	308,600
Total depreciation expense - governmental activities	<u>\$ 5,066,020</u>

**Business-Type Activities:**

Sewer fund	<u>\$ 427,889</u>
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**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2015, are summarized below:

Transfers In:	Transfers Out:			Total
	General fund	Nonmajor Governmental fund	Business-type fund	
General fund	\$ -	\$ 82,069	\$ 140,000	\$ 222,069
Nonmajor governmental funds	1,567,816	-	-	1,567,816
Total transfers out	<u>\$ 1,567,816</u>	<u>\$ 82,069</u>	<u>\$ 140,000</u>	<u>\$ 1,789,885</u>

**F. Leases**

The Town has entered into a lease agreement as lessee for financing a sweeper for the highway department and a rescue truck for the fire department. The lease agreements qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

	<b>Governmental Activities</b>
<b>Asset:</b>	
Machinery, Equipment and Other	\$ 727,340
Less: Accumulated Depreciation	(126,780)
Total	<u>\$ 600,560</u>

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2015, are as follows:

Year Ending June 30,	Governmental Activities
2016	\$ 161,252
2017	126,373
2018	126,373
Total minimum lease payments	413,998
Less: amount representing interest	(18,409)
Present value of minimum lease payments	<u>\$ 395,589</u>

**G. Long Term Debt**

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds currently outstanding of the governmental type fund are as follows:

	Interest Rate	Date Issued	Final Maturity Date	Original Amount Issued	Outstanding June 30, 2015
<b>Governmental Activities:</b>					
<b>Inside Debt Limit:</b>					
New Fire Station	4.25%	10/15/08	06/15/19	5,500,000	\$ 2,200,000
Land Acquisition - CPA	3.73%	05/15/09	02/15/29	1,155,000	795,000
School - Modular Classrooms	2.86%	05/15/09	02/15/19	750,000	300,000
New High School	3.47%	05/01/10	02/01/30	9,100,000	7,245,000
New High School	4.24%	04/01/11	04/01/31	10,000,000	8,600,000
New High School	3.03%	04/12/12	04/01/32	16,650,000	14,855,000
Energy Conservation	2.0-3.0%	11/13/13	02/15/28	4,767,000	4,525,000
Town House Restoration	2.58%	04/15/15	11/15/34	1,100,000	1,100,000
Total inside debt					<u>39,620,000</u>
<b>Outside Debt Limit:</b>					
Massachusetts Clean Water Trust:					
Title V septic repair program	N/A	09/29/00	08/01/19	79,932	20,825
Total governmental type debt					<u>\$ 39,640,825</u>

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**Future Debt Service**

The annual principal and interest payments to retire all governmental type long term debt outstanding as of June 30, 2015, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 2,399,165	\$ 1,477,286	\$ 3,876,451
2017	2,464,165	1,389,940	3,854,105
2018	2,524,165	1,301,451	3,825,616
2019	2,584,165	1,210,212	3,794,377
2020	2,029,165	1,103,527	3,132,692
2021-2025	11,320,000	4,296,450	15,616,450
2026-2030	13,020,000	2,091,656	15,111,656
2031-2035	3,300,000	195,225	3,495,225
	<u>\$ 39,640,825</u>	<u>\$ 13,065,747</u>	<u>\$ 52,706,572</u>

General obligation bonds currently outstanding of the business-type fund are as follows:

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2015</b>
<b>Business-type Activities:</b>					
<b>Inside Debt Limit:</b>					
Sewer Fund:					
Sewer	4.24%	4/1/2011	4/1/2031	\$ 510,000	\$ 440,000
Sewer Treatment Facility	3.03%	4/15/2015	11/15/2044	2,700,000	2,700,000
Total business-type debt					<u>\$ 3,140,000</u>

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2015, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 70,000	\$ 108,071	\$ 178,071
2017	80,000	99,319	179,319
2018	80,000	97,319	177,319
2019	80,000	95,319	175,319
2020	90,000	93,068	183,068
2021-2025	475,000	421,294	896,294
2026-2030	570,000	328,069	898,069
2031-2035	505,000	233,069	738,069
	<u>\$ 3,140,000</u>	<u>\$ 1,684,775</u>	<u>\$ 4,824,775</u>

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

A summary of the changes in governmental activities long term debt during the year is as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due within One Year
<b>Governmental activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 40,797,000	\$ 1,100,000	\$ 2,277,000	\$ 39,620,000	\$ 2,395,000
Massachusetts Clean Water Trust bonds	25,066	-	4,241	20,825	4,165
<b>Capital leases</b>	543,601	-	148,012	395,589	151,659
<b>Compensated absences</b>	824,937	351,854	9,252	1,167,539	488,407
<b>OPEB liability obligation</b>	13,613,089	2,976,565	-	16,589,654	-
<b>Net pension liability</b>	16,940,824	410,466	-	17,351,290	-
Governmental activity Long-term liabilities	<u>\$ 72,744,517</u>	<u>\$ 4,838,885</u>	<u>\$ 2,438,505</u>	<u>\$ 75,144,897</u>	<u>\$ 3,039,231</u>
<b>Business-type activities:</b>					
<b>Bond Payable:</b>					
General obligation bonds	\$ 460,000	\$ 2,700,000	\$ 20,000	\$ 3,140,000	\$ 70,000
<b>Compensated absences</b>	33,035	30,732	-	63,767	21,843
<b>OPEB obligation payable</b>	228,252	44,085	-	272,337	-
<b>Net pension liability</b>	577,488	13,992	-	591,480	-
Total sewer activities Long-term liabilities	<u>\$ 1,298,775</u>	<u>\$ 2,788,809</u>	<u>\$ 20,000</u>	<u>\$ 4,067,584</u>	<u>\$ 91,843</u>

**Massachusetts Clean Water Trust (MCWT)**

The Town is subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$79,932 and interest costs of \$38,712 which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2015 for principal and interest combined for the loans is \$23,761 with subsidies amounting to \$2,936. The net repayments, including interest, are scheduled to be \$20,825. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2015 principal and interest subsidies totaled \$1,283.

**Legal Debt Limit**

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2015 totaled \$42,760,000.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit." The following is a computation of the legal debt limit as of June 30, 2015:

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

Equalized Valuation-Real Estate and Personal Property (2014)		<u>\$ 2,278,097,900</u>
Debt Limit: 5 % of Equalized value		<u>113,904,895</u>
Total Debt Outstanding	\$ 42,780,825	
Less: Debt Outside Debt Limit	<u>(20,825)</u>	<u>42,760,000</u>
Inside Debt Excess Borrowing Capacity at June 30, 2015		<u>\$ 71,144,895</u>

**Loans Authorized and Unissued - Memorandum Only**

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt.

Loan authorizations that have not been issued as of June 30, 2015 and are not reflected in the Town's financial statements are as follows:

Date Town Meeting Authorized	Purpose	Amount
10/20/2014	Wastewater Treatment Facility upgrades	<u>\$ 46,300,000</u>

**Overlapping Debt**

The Town pays assessments; which includes debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long term debt of the governmental unit, the estimated share of such debt being serviced by the Town and the total of its share of estimated indirect debt.

	Current Year's Long Term Debt	Town's Estimated Share	Town's Estimated Indirect Debt
<b>Blackstone Valley Regional Vocational Technical High School</b>	<u>\$ 3,915,000</u>	10.80%	<u>\$ 422,820</u>

# TOWN OF GRAFTON, MASSACHUSETTS

## Notes to the Financial Statements

Year Ended June 30, 2015

### H. Fund Balances

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2015:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Permanent funds	\$ -	\$ 698,769	\$ 698,769
Restricted:			
Federal, state and local grants	-	97,455	97,455
School federal and state grants	-	659,956	659,956
School revolving funds	-	628,917	628,917
Town revolving funds	-	598,562	598,562
Donations and gifts	-	1,142,327	1,142,327
Community preservation fund	-	2,047,584	2,047,584
Debt service	889,094	-	889,094
Capital projects	-	818,772	818,772
Permanent funds	-	432,318	432,318
Other	-	1,477,704	1,477,704
	889,094	7,903,595	8,792,689
Committed:			
Capital projects	-	1,991,263	1,991,263
Town meeting articles	988,135	-	988,135
	988,135	1,991,263	2,979,398
Assigned:			
Encumbrances	401,716	-	401,716
Subsequent year's budget	1,348,670	-	1,348,670
	1,750,386	-	1,750,386
Unassigned:			
General Fund	7,103,483	-	7,103,483
Total Governmental fund balances	\$ 10,731,098	\$ 10,593,627	\$ 21,324,725

### I. Special Trust Funds

#### Stabilization Fund

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

At June 30, 2015 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 3,301,703
Capital stabilization fund	62,874
Road stabilization fund	6,384
	<hr/>
	\$ 3,370,961
	<hr/>

#### **4. OTHER INFORMATION**

##### **A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

##### **B. Contingent Liabilities**

###### **Litigation**

There are pending lawsuits against the Town at June 30, 2015. Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015. The outcome of lawsuits is not expected to materially affect the financial condition of the Town.

###### **Federal Financial Assistance**

The Town receives significant financial assistance from numerous federal and state agencies in the form of grants and entitlements. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit procedures prescribed under the Single Audit Act Amendments of 1996. Any disallowed expenditures resulting from such audits become a liability of the Town.

The outcome of lawsuits and any findings with respect to disallowed expenditures is not expected to materially affect the financial condition of the Town.

##### **C. Pension Plan**

###### **Plan Description**

The Town is a member of the Worcester Regional Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Worcester Regional Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 23 Midstate Drive, Suite 106, Auburn, Massachusetts 01510.



**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the Town does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

**Special Funding Situation**

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2014. The Town's portion of the collective pension expense contributed by the Commonwealth of \$3,103,546 on-behalf payments for the fiscal year ending June 30, 2015 is reported as intergovernmental revenues and insurance and employee benefits expenditures in the General Fund as of the measurement date.

**Benefits Provided**

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

**Contributions**

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2014 was \$1,191,597, representing 13.81% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**Pension Liability**

As of June 30, 2015, a reported liability of \$17,942,770 is the Town's proportionate share of the net pension liability as measured as of December 31, 2014. The net pension liability was determined using the total pension liability and the actuarial assumptions as of the January 1, 2014 and updated to the measurement date of December 31, 2014. This net pension liability is based on the Town's proportional percentage of 3.015248% as of December 31, 2014.

**Pension Expense**

For the year ended June 30, 2015, the Town recognized a pension expense of \$1,605,263 and reported deferred outflows of resources related to pensions of \$10,792, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation bi-annually, there are no reported differences between the expected and actual experience or a change of assumptions as of December 31, 2014. Additionally, the changes in proportion and differences between employer contributions and the proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statement No. 67 and Statement No. 68.

The Town's deferred outflows of resources related to pensions will be recognized in the pension expense as follows;

<b>For years ended June 30,</b>		
<b>2016</b>	\$	10,792
<b>2017</b>		10,792
<b>2018</b>		10,792
<b>2019</b>		10,792
	\$	<u>43,168</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2014;

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal
Amortization method	<i>Unfunded Actuarial Accrued Liability (UAAL):</i> Increasing dollar amount at 4.0% to reduce the UAAL to zero on or before June 30, 2035.  <i>2002 &amp; 2003 Early Retirement Incentive (ERI):</i> Increasing dollar amount at 4.5% to reduce the 2002 & 2003 ERI to zero on or before June 30, 2028.  <i>2010 Early Retirement Incentive (ERI):</i> Increasing dollar amount to reduce the 2010 ERI to zero on or before June 30, 2022.
Remaining amortization period	21 years, except for ERI for 2002 and 2003 (14 years) and 2010 (8 years)

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

Asset valuation method	The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of: 80% of the gains and losses of the prior year, 60% of the gains and losses of the second prior year, 40% of the gains and losses of the third prior year, and 20% of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.
Investment rate of return	8.0%, net of pension plan investment expense, including inflation
Projected salary increase	3.0% per year, including longevity
Inflation	Not explicitly assumed
Mortality rates	RP-2000 Mortality Table Projected to 2014 with Scale AA RP-2000 Mortality Table set forward two years for disabled members

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2014, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Global Equity	43%	8.23%
Fixed income	23%	5.05%
Private Equity	10%	9.75%
Real Estate	10%	6.50%
Timber/Natural Resources	4%	6.88%
Hedge Funds	10%	7.00%
Total	100%	

**Rate of Return**

For the year ended December 31, 2014, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 7.79%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**Discount Rate**

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that member employer contributions will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments or current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.0%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0%) or 1-percentage-point higher (9.0%) than the current rate:

	<b>1% Decrease (7.0%)</b>	<b>Current Discount Rate (8.0%)</b>	<b>1% Increase (9.0%)</b>
Town's net pension liability	\$ 21,846,076	\$ 17,942,770	\$ 14,628,248

**D. Other Post Employment Benefits Payable**

**GASB Statement No. 45**

The cost of post-employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009, and thus recognizes the cost of post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

**Plan Description**

In addition to providing pension benefits as described on the following footnote, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date, there are approximately 836 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

**Funding Policy**

The contribution requirements of plan members and the Town are established and may be amended through Town policy and member contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For the 2015 fiscal year, total Town premiums plus implicit costs for the retiree medical program are \$1,137,589.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Normal Cost	\$ 2,184,498	\$ 24,034	\$ 2,208,532
Amortization of unfunded actuarial accrued liability	1,998,911	23,136	2,022,047
Annual required contribution	4,183,409	47,170	4,230,579
Interest on net OPEB obligation	544,523	9,130	553,653
Adjustment to annual required contribution	(615,670)	(10,323)	(625,993)
Annual OPEB cost (expense)	4,112,262	45,977	4,158,239
Contributions made during the fiscal year	(1,135,697)	(1,892)	(1,137,589)
Increase in net OPEB obligation	2,976,565	44,085	3,020,650
Net OPEB Obligation - beginning of year	13,613,089	228,252	13,841,341
Net OPEB Obligation - end of year	<u>\$ 16,589,654</u>	<u>\$ 272,337</u>	<u>\$ 16,861,991</u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 fiscal year and the two preceding years are as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
06/30/15	\$ 4,158,239	27.36%	\$ 16,861,991
06/30/14	\$ 3,081,984	35.11%	\$ 13,841,341
06/30/13	\$ 2,911,565	37.28%	\$ 11,841,592

#### **Funded Status and Funding Process**

As of January 1, 2015, the most recent valuation date, the plan was 0.01% funded. The actuarial liability for benefits was \$44,712,250, and the actuarial value of assets was \$2,755, resulting in an unfunded actuarial accrued liability (UAAL) of \$44,709,495. The covered payroll (annual payroll of active employees covered by the plan) was \$27,931,000, and the ratio of the UAAL to the covered payroll was 160.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial accrued liabilities for benefits.

#### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Town OPEB actuarial valuation as of January 1, 2015, used the projected unit credit cost method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.00% rate of return on invested assets. Medical and drug cost trend for Commercial Managed Care, Commercial Indemnity, Medicare Managed Care, and Medicare Indemnity in 2015 was 6.04%, 4.10%, .008% and 4.49%, respectively, and 8%, 9%, 7% and 8% in 2016, respectively, decreasing .5% for five years to an ultimate level of 5% per year for Commercial Managed Care, Commercial Indemnity, Medicare Managed Care, and Medicare Indemnity.

The unfunded actuarial accrued liability is being amortized over closed 24 years (remainder of the initial 30 years) on a projected unit cost basis. The remaining amortization period at June 30, 2015 is 24 years.

**Trust Fund**

The Town did establish a trust fund in fiscal year 2011 in order to contribute funds to reduce the future OPEB liability. As of June 30, 2015 the trust balance is \$2,788.

**E. Implementation Of New GASB Pronouncements**

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions* for implementation in fiscal year 2015. The Town's basic financial statements recognize a net pension asset/(liability) and pension revenue/(expense) for the Town's portion of the Worcester Regional Retirement System actuarial accrued liability.

**F. Future GASB Pronouncements**

Management is currently assessing the impact the implementation of the following pronouncements will have on the basic financial statements.

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, for implementation in 2016.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, for implementation in 2016.

**4. RESTATEMENT**

As required by GASB Statement No. 67 and Statement No. 68, the net position as of June 30, 2014 for governmental activities and business-type activities has been restated to reflect the pension liability. Restatement is as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
Net position June 30, 2014	\$ 88,923,270	\$ 15,221,796	\$ 104,145,066
<u>Adjustments:</u>			
Pension liability	(16,940,824)	(577,488)	(17,518,312)
Net position restated June 30, 2014	\$ 71,982,446	\$ 14,644,308	\$ 86,626,754

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Worcester Regional Contributory Retirement System**  
**For the Year Ended June 30, 2015**

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

**Schedule of the Town's Proportionate Share of the Net pension Liability:**

	<u>12/31/2014</u>
Town's proportion of the net pension liability (asset)	3.015248%
Town's proportionate share of the net pension liability (asset)	\$ 17,942,770
Town's covered employee payroll **	\$ 8,630,043
Net pension liability percentage of covered-employee payroll	207.91%
Plan fiduciary net position as a percentage of the total pension liability	47.94%

Note: these schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years of which the information is available.

\*\* Indicates covered employee payroll as reported in the retirement system January 1, 2014 funding valuation report.



**TOWN OF GRAFTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Worcester Regional Retirement System**  
**For the Year Ended June 30, 2015**

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

**Schedule of the Town's Contributions:**

	<u>12/31/2014</u>
Actuarially determined contribution @	\$ 1,191,597
Less: Contributions in relation to the actuarially determined contribution	<u>(1,191,597)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered employee payroll **	\$ 8,630,043
Contributions percentage of covered-employee payroll pension liability	13.81%

Note: these schedules are intended to present information for 10 years.  
Until a 10-year trend is compiled, the information is presented for those  
years of which the information is available.

\*\* Indicates covered employee payroll as reported in the retirement  
system January 1, 2014 funding valuation report.

**TOWN OF GRAFTON, MASSACHUSETTS**  
**Required Supplementary Information**  
**Schedule of Funding Progress and Employer Contributions**  
**Other Post-Employment Benefit Plan**  
**Year Ended June 30, 2015**

**Schedule of Funding Progress**

Other Post-Employment Benefits (Dollars in Thousands)								
Actuarial Valuation Date	Actuarial Value of Assets (A)		Actuarial Accrued Liability (AAL) Entry Aid (B)		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/15	\$	3	\$ 44,712	\$	44,709	0%	\$ 27,931	160.1%
01/01/13	\$	-	\$ 30,633	\$	30,633	0%	\$ 24,618	124.4%
01/01/11	\$	-	\$ 30,345	\$	30,345	0%	\$ 23,701	128.0%

**Schedule of Contribution Funding**

Other Post-Employment Benefits				
Fiscal Year Ended June 30	Annual OPEB Cost	Actual Contributions Made	Percentage Contributed	
2015	\$ 4,158,239	\$ 1,137,589	27.36%	
2014	\$ 3,081,984	\$ 1,082,235	35.11%	
2013	\$ 2,911,565	\$ 1,085,435	37.28%	

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to Basic Financial Statements.

**Actuarial Methods:**

Valuation date	January 1, 2015
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Closed 24-year amortization payments (remainder of initial 30-year amortization). Uses level percentage of payroll (using a 3.25% annual rate of increase).
Remaining amortization period	24 years remaining as of June 30, 2015

**Actuarial Assumptions:**

Investment rate of return	4.0% per year on invested assets
Medical/drug cost trend rate	Ranging from .08% to 6.04% in 2015 trending down to an ultimate rate of 5.0% per year for all coverages.

**Plan Membership:**

Current active members	549
Current retirees, beneficiaries and dependents	287
Total	836

## **SUPPLEMENTARY SCHEDULES**

**TOWN OF GRAFTON, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Fund Balances		Revenues		Expenditures		Other Financing Sources (Uses)		Fund Balances
	July 1, 2014								June 30, 2015
<b>Special Revenue:</b>									
<b>Federal and State Grants:</b>									
School Grants	\$ 78,866	\$	893,144	\$	908,505	\$	-	\$	63,505
Arts Lottery Council Grants	4,552		4,441		2,878		-		6,115
Council on Aging Grants	1		23,056		23,057		-		-
Extended Polling Hours	-		2,688		2,688		-		-
Health Grants	43,049		29,594		27,341		(696)		44,606
Highway Grants	-		391,935		391,935		-		-
Library Grants	72,185		21,262		51,045		-		42,402
Planning Grants	5,746		-		-		-		5,746
Public Safety Grants	9,895		50,818		61,699		(428)		(1,414)
<b>Schools:</b>									
School Lunch Revolving	16,979		753,699		643,518		-		127,160
School Lunch Commodities	-		36,587		36,587		-		-
Privately Funded Grants	1,082		3,772		2,797		-		2,057
School Choice	98,757		191,757		47,993		-		242,521
School Revolving Accounts	495,472		512,309		503,677		(2,347)		501,757
State Special Education Reimbursement Fund	285,600		346,831		280,557		-		351,874
<b>Other:</b>									
Animal Damage Reserve Fees	17,446		3,482		-		-		20,928
Clean Energy Choice Grant	1,619		-		-		(1,619)		-
Community Preservation Fund	928,421		492,019		190,898		818,042		2,047,584
Commission on Disability Parking Fines	600		-		-		-		600
Conservation Fees	164,975		63,381		27,753		-		200,603
Council on Aging Revolving for Transportation	44,989		24,027		26,194		-		42,822
Department of Public Works Road Projects	41,000		-		41,000		-		-
Fire Detail	2,509		7,592		5,788		-		4,313
Gifts and Donations	1,036,880		525,918		413,300		(7,171)		1,142,327
Health Department Revolving	14,034		7,970		1,599		(9,405)		11,000
Home Composting Bins Revolving	3,970		180		-		-		4,150
Insurance Recovery	1,110		2,601		3,446		(265)		-
Law Enforcement Fund	4,277		4,007		2,000		-		6,284
Legal Settlement	-		-		160,243		160,243		-
<b>Total Special Revenue Page 60</b>	<b>\$ 3,374,014</b>	<b>\$</b>	<b>4,393,070</b>	<b>\$</b>	<b>3,856,498</b>	<b>\$</b>	<b>956,354</b>	<b>\$</b>	<b>4,866,940</b>

**TOWN OF GRAFTON, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
<b>Continued from Page 60</b>	\$ 3,374,014	\$ 4,393,070	\$ 3,856,498	\$ 956,354	\$ 4,866,940
<b>Other (Continued):</b>					
Library Grafton Education Association Grant	1,688	2,500	2,500	(4)	1,684
Municipal Waterways Revolving Funds	11,620	448	-	-	12,068
Municipal Center Use Revolving	-	615	615	-	-
Old Town Hall Revolving	13,447	47,758	32,518	-	28,687
Planning Board Revolving	94,769	51,058	64,433	-	81,394
Police Outside Detail	-	387,340	387,340	-	-
Recreation Revolving	113,646	304,260	235,143	(52,334)	130,429
Sale of Cemetery Lots	54,696	-	700	-	53,996
Septic Repair Betterment Repayments	43,184	2,137	5,454	-	39,867
South Grafton Community House Facility Revolving	1,350	6,221	-	-	7,571
Treasurer Tax Title Fees	2,897	39,987	42,884	-	-
Affordable Housing Fund	410,376	11,504	350	934,585	1,356,115
Conservation Fund	22,266	309	-	-	22,575
Unemployment Compensation Fund	145,289	878	94,988	-	51,179
<b>Total Special Revenue Funds</b>	<b>4,289,242</b>	<b>5,248,085</b>	<b>4,723,423</b>	<b>1,838,601</b>	<b>6,652,505</b>

**Capital Projects:**

School Projects:					
Elementary School Construction	13,515	-	-	-	13,515
High and Middle School Renovations	2,837	-	-	-	2,837
High School Construction	843,344	24,699	7,118	(860,925)	-
Middle School Renovations	34	-	-	-	34
Facilities Upgrades	221,872	-	217,250	-	4,622
Fire Station	143,589	-	159	-	143,430
One Grafton Common Restoration	400,000	-	132,840	237,000	504,160
Road Stabilization	-	-	12,897	1,500,000	1,487,103
Town House Restoration	-	-	274,407	928,741	654,334
<b>Total Capital Projects</b>	<b>1,625,191</b>	<b>24,699</b>	<b>644,671</b>	<b>1,804,816</b>	<b>2,810,035</b>

**TOWN OF GRAFTON, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Fund Balances July 1, 2014	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balances June 30, 2015
<b>Perpetual Permanent Funds:</b>					
Ann Cochiola Fund	5,040	-	-	-	5,040
Campbell Fund	1,815	-	-	-	1,815
Cemetery Perpetual Care Fund	595,554	12,375	-	-	607,929
Library Fund	71,985	-	-	-	71,985
Palmer Gift - Pine Grove Fund	1,000	-	-	-	1,000
Whitin Gate and Bell Fund	11,000	-	-	-	11,000
<b>Total Perpetual Permanent Funds</b>	<b>\$ 686,394</b>	<b>\$ 12,375</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 698,769</b>
<b>Permanent Funds:</b>					
Ann Cochiola Fund	4,846	137	-	-	4,983
Campbell Fund	2,052	54	-	-	2,106
Cemetery Perpetual Care Fund	163,881	15,290	-	(7,800)	171,371
Library Fund	219,251	4,040	-	-	223,291
Palmer Gift - Pine Grove Fund	7,207	113	-	-	7,320
Whitin Gate and Bell Fund	28,201	446	5,400	-	23,247
<b>Total Permanent Funds</b>	<b>425,438</b>	<b>20,080</b>	<b>5,400</b>	<b>(7,800)</b>	<b>432,318</b>
<b>Total Non-Major Governmental Funds</b>	<b>\$ 7,026,265</b>	<b>\$ 5,305,239</b>	<b>\$ 5,373,494</b>	<b>\$ 3,635,617</b>	<b>\$ 10,593,627</b>

**TOWN OF GRAFTON, MASSACHUSETTS**  
**SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY AND ROLLBACK TAXES**  
**AND COMMUNITY PRESERVATION SURCHARGE**  
**JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Uncollected Taxes Per Detail June 30, 2015
\$	-	\$ 34,663,343	\$ 288,749	\$ 34,118,558	\$ 256,036	\$ 256,036
	189,764	86,388	111,944	165,787	(1,579)	(1,579)
	1,407	-	1,407	-	-	-
	-	-	-	-	-	-
	60	-	-	18	42	42
	1,528	-	36	294	1,198	1,198
	192,759	34,749,731	402,136	34,284,657	255,697	255,697

**Real Estate Taxes:**

Lewy of 2015  
Lewy of 2014  
Lewy of 2013  
Lewy of 2012  
Lewy of 2011  
Prior Years

**Personal Property Taxes:**

Lewy of 2015  
Lewy of 2014  
Lewy of 2013  
Lewy of 2012  
Lewy of 2011  
Prior Years

	-	827,064	888	820,018	6,158	6,158
	7,580	-	-	646	6,934	6,934
	9,213	-	-	1,626	7,587	7,587
	6,558	-	-	46	6,512	6,512
	4,206	-	-	-	4,206	4,206
	25,575	-	-	41	25,534	25,534
	53,132	827,064	888	822,377	56,931	56,931
	-	9,899	-	9,899	-	-

**Rollback Taxes**

**Total Real Estate, Personal Property  
and Rollback Taxes**

\$	245,891	\$ 35,586,694	\$ 403,024	\$ 35,116,933	\$ 312,628	\$ 312,628
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**Community Preservation Surcharge:**

Lewy of 2015  
Lewy of 2014  
Lewy of 2013  
Lewy of 2011  
Prior Years

\$	-	\$ 361,512	\$ 3,211	\$ 353,078	\$ 5,223	\$ 5,223
	1,867	1,287	1,265	1,495	394	394
	8	-	8	-	-	-
	1	-	-	-	1	1
	9	-	-	-	9	9
	1,885	362,799	4,484	354,573	5,627	5,627

**Total Community Preservation Surcharge**

**TOWN OF GRAFTON, MASSACHUSETTS**  
**SCHEDULE OF MOTOR VEHICLE AND BOAT EXCISE TAXES**  
**JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Uncollected Taxes Per Detail June 30, 2015
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2015	\$ -	\$ 2,198,200	\$ 33,894	\$ 2,075,091	\$ 89,215	\$ 89,264
Levy of 2014	200,197	286,919	25,551	429,012	32,553	32,553
Levy of 2013	31,870	35	1,557	14,829	15,519	15,519
Levy of 2012	12,412	-	187	3,042	9,183	9,183
Levy of 2011	8,977	-	-	1,415	7,562	7,562
Prior Years	11,537	-	-	224	11,313	11,313
<b>Total Motor Vehicle Excise Taxes</b>	<b>264,993</b>	<b>2,485,154</b>	<b>61,189</b>	<b>2,523,613</b>	<b>165,345</b>	<b>165,394</b>
<b>Boat Excise Taxes:</b>						
Levy of 2014	937	-	41	150	746	746
Levy of 2013	556	-	25	101	430	430
Levy of 2012	443	-	25	-	418	418
Levy of 2011	303	-	25	101	177	177
Prior Years	543	-	25	105	413	413
<b>Total Boat Excise Taxes:</b>	<b>2,782</b>	<b>-</b>	<b>141</b>	<b>457</b>	<b>2,184</b>	<b>2,184</b>
<b>Total Motor Vehicle and Boat Excise Taxes</b>	<b>\$ 267,775</b>	<b>\$ 2,485,154</b>	<b>\$ 61,330</b>	<b>\$ 2,524,070</b>	<b>\$ 167,529</b>	<b>\$ 167,578</b>



**TOWN OF GRAFTON, MASSACHUSETTS**  
**SCHEDULE OF TAX LIENS**  
**JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Accounts July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2015	Uncollected Accounts Per Detail June 30, 2015
<b>General Fund:</b>						
<b>Tax Liens</b>	\$ 999,806	\$ 251,257	\$ 132,214	\$ 190,817	\$ 928,032	\$ 912,978
<b>Non-major Governmental Fund:</b>						
<b>Community Preservation Surcharge:</b>						
<b>Tax Liens</b>	\$ 7,684	\$ 1,873	\$ -	\$ 1,304	\$ 8,253	\$ 8,253